

## Troubled Brazil

# Sprawling Latin Nation Takes Key Political-Economic Vote

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cruzeiro, its basic currency unit, sold for some 200 to the dollar two years ago; now it's quoted as high as 1,000 to the dollar. The cost of living rose some 60 per cent in 1962 alone.

The nation now has a foreign debt of almost \$2.8 billion, a balance of payments deficit that is expected to total \$900,000,000 this year, and a federal budget that was \$500,000,000 in the red during 1962—and probably will be three times as unbalanced in the present year.

### Issues More Money

To pay off deficits and loans, the government keeps issuing more money. More money in circulation means the money is worth less, so workers get a pay raise to keep pace. And prices keep going up.

It's true that the actual value of Brazilian goods and services keeps rising at the rate of some 6 per cent a year. But this increase goes almost entirely to take care of a fast-expanding population.

Most loans from foreign sources are used to buy imports and pay debts. Foreign investment, which could provide a new source of money, has almost stopped because the economic climate is so shaky. New United States investment in Brazil, for instance, has dropped in two years from \$100,000,000 annually to almost nothing.

### Needs Authority

What has all this to do with the presidential plebiscite? President Goulart says he's willing to take steps to cure the inflationary spiral, but needs strong authority to take them. His opponents, on the other hand, have said Mr. Goulart's "cures" would tend toward the left—that is, toward government intervention in business.

Last week, though, the government announced some proposals that didn't sound very leftist at all. They provided for cuts in public spending, for citizens to make many of their own capital goods, and for holding the foreign debt to its present level. So far, however, the proposals have been couched only in vague terms—one, for example, off-handedly suggests "cutting inflation" to 10 per cent within a few years.

President Goulart had three factors working for him in the Jan. 8 plebiscite. First, curiously, was the fact that a "nao" (no) vote didn't mean "nao" to Mr. Goulart's plan for increased presidential power; it meant "nao" to those who want

a strong parliament. The government shrewdly decided that, given Brazil's current state of affairs, the apathetic voter would be more likely to say "nao" on impulse, rather than saying "sim" (yes) to anything.

Another pro-Goulart factor was a 50 per cent minimum wage boost announced by the government only six days before the plebiscite. The conservative press calls it "the demagogic wage increase," but the people most favored by it do not read the conservative press, and they consider it a pretty good deal.

### System Is Intolerable

Third, almost everyone agrees that the present system of government is intolerable, and has to be changed somehow.

On the other hand, the election won't be valid unless 50 per cent of Brazil's approximately 16,000,000 electors turn out to vote. And many were expected to stay home, or to turn in blank ballots.

A "nao" majority won't result in an immediate return to presidentialism. It simply will give congress the power to work out another system, to revise the "Ato Adicional" (Additional Act) that brought in the parliamentary system.

If Mr. Goulart gets a majority, congress will have 90 days in which to work out a new system of government. If congress takes no action, the country automatically reverts to presidentialism. But if Mr. Goulart wins less than a majority, his opposition will get its removal campaign into high gear.

A revolution, even without shooting, probably would come from within the armed forces. Further, it would probably succeed; the president doesn't have enough of the military on his side to survive a showdown. He has put friendly leftist generals in many critical posts, but there aren't enough leftist generals to go around. And the others are getting restless.

### Medals Turned In

A good indication of the atmosphere in the military showed up recently when Leonel Brizola (Mr. Goulart's brother-in-law) and several other prominent leftists were awarded the naval merit medal. In the weeks that followed, 33 admirals and other officers turned back to the government the merit medals they had received previously. The government's threat to punish them for insubordination and disrespect triggered a wave of resignations. So far, no one has been punished.

The military isn't the only center of opposition to the government. Brazil has three main political parties: The National Democratic Union (UDN) on the right, the Social Democrats (PSD) in the center, and Mr. Goulart's Labor Party (PTB) on the left. Since elections last October, tenuous co-operation has existed in Congress between the PSD and the PTB. Last week Mr. Goulart was urging the PSD (which controls the largest single bloc in Congress) to participate in the formation of a new cabinet.

But the UDN is working feverishly to split this alliance and create a new one: The PSD and the UDN. This would isolate the PTB, and give the other two parties sufficient strength to impeach Mr. Goulart. If PSD leaders view the plebiscite returns as a loss of popularity for the president, this long-rumored alliance probably will become a fact, with the backing of the military.

### Washington's Tough Line

None of this maneuvering has escaped the president. And, as if, the threat of rebellion weren't enough to contend with, he also has to deal with the new tough line from Washington.

The United States is increasingly worried about Brazil—both about the nation's dismal economic picture and about its posture in foreign affairs. Brazil has been less aggressive in dealing with Cuba than other hemispheric nations, and is seeking increased trade with the Communist bloc. Last month, Attorney General Robert F. Kennedy stopped off in Brazil to discuss these concerns with President Goulart.

Mr. Kennedy's visit hit the government like a bombshell. And regardless of the outcome of the plebiscite, Mr. Goulart is now and will continue to be under heavy pressure from Washington. Hanging in the balance is the roughly \$500,000,000 Brazil needs at once to stave off further fiscal disaster.

There are a few indications that Mr. Goulart already is becoming more cooperative. Palace sources, for instance, are leaking the information that after the plebiscite, the president intends "to modify foreign policy in a pro-Western sense . . . and replace the foreign minister (leftist Hermes Lima) with a politician identified with the Latin American system." Just who he has in mind, and how he interprets the "Latin American system," are moot questions.

### Lima's Limited Role

Mr. Lima, in any event, had little part in the Goulart-Kennedy talks. Mr. Kennedy had come to speak directly with the president, and afterward said only that "as in all other things, the United States will make its position clear."

One sign that he had made it clear to Mr. Goulart came just before Christmas. The Merchant Marine—Brazil's fattest and most powerful union—announced a strike. Mr. Goulart immediately declared it illegal, and refused even to speak with a delegation of maritime workers who came to see him.

APEC, an influential "economic letter" circulated in business and government circles, called the president's reaction "totally unexpected." It said that "if the government wins . . . the victory might be interpreted as President Goulart's change of colors, since he built up his entire political career as a labor leader."

As the plebiscite rolled around, the strike was still under way. The government was holding firm and the union was showing signs of weakness. One of the few ships unloaded since the strike began was one from New York, but it brought 15 tons of new Brazilian money, freshly printed.

—HUNTER S. THOMPSON

## Notables

### Birthdays:

Konrad Adenauer, 87, chancellor of West Germany, in Bonn.

Ngo Dinh Diem, 62, president of South Vietnam, in Saigon.

Poet Carl Sandburg, 85, in New York.

Clement Attlee, 80, former British prime minister, in London.

### Betrothed:

Comedian Bob Newhart, 33, and Virginia Quinn, 22, daughter of actor William Quinn, in Los Angeles.

### Ailing:

Hugh Gaitskell, 56, leader of the British Labor Party, of pleurisy (inflammation of the membrane enclosing the lung), and pericarditis (inflammation of the membranous sac enclosing the heart), in London.

### Died:

Rogers Hornsby, 66, member of baseball's Hall of Fame, of heart disease, in Chicago. During a 22-year major league career, he won the National League batting title seven times, built a lifetime hitting average of .358, and earned the reputation as baseball's greatest second baseman. As a young manager in 1926, he led the St. Louis Cardinals to their first pennant. He later managed the St. Louis Browns, Boston Braves, Cincinnati Reds, and Chicago Cubs.

Sen. Robert S. Kerr, 66, Oklahoma Democrat, of a heart attack, in Washington. Born in a log cabin in Ada, Okla., Senator Kerr amassed a fortune in the oil business by the age of 40. Retaining his oil connections, he entered the Senate in 1948, gradually rose to such a position of power that his colleagues came to call him the "uncrowned king" of the upper chamber.



Dick Powell



Sen. R.S. Kerr

Dick Powell, 58, actor, television producer, one of Hollywood's wealthiest men, of cancer in West Los Angeles. Mr. Powell got his start in show business playing saxophone and clarinet in a silent movie theater in Little Rock, Ark. After a tour in vaudeville houses as a singer, he went to Hollywood in the 1930s. In recent years, he became a TV star and president of Four Star Productions.

Jack Carson, 52, Hollywood comedian, of cancer of the liver at his home in Encino, Calif. A 200-pounder, Mr. Carson in late years usually portrayed on the screen a laugh-fetching loudmouth who almost, but never quite, got the girl he was chasing.

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